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In the Supreme Court of the United States

FESTO CORPORATION,
Petitioner,

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD., et al.
Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

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BRIEF OF *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

STATEMENT OF INTEREST[1]

The American Intellectual Property Law Association ("AIPLA") is a national association of more than 13,000 members, primarily attorneys engaged in representing intellectual property owners. The interests and practices of AIPLA members lie in the areas of patent, copyright, trademark, trade secret and other intellectual property law. Members of AIPLA are employed by private law firms, corporations, universities, research institutions, and government, and are engaged in the creation, licensing and transfer, and enforcement of intellectual property rights. Unlike many other areas of legal practice in which separate and distinct plaintiffs' and defendants' bars exist, most intellectual property attorneys represent both intellectual property owners and alleged infringers.

The AIPLA has no stake in either of the parties to this appeal or in the outcome of the appeal, other than its interest in seeking correct and consistent interpretation of the law affecting intellectual property.

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[1] In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

CONSENT TO FILING OF *AMICUS CURIAE* BRIEF

In accordance with Supreme Court Rule 37.3(a), the AIPLA has obtained written consent to the filing of this *amicus curiae* brief from the counsel of record for both parties. The letters of consent have been filed with the Clerk of the Court.

SUMMARY OF THE ARGUMENT

The Court of Appeals for the Federal Circuit has dramatically changed the patent law by establishing a "complete bar" against finding infringement of a patent claim under the doctrine of equivalents in nearly all circumstances where the claim is amended during prosecution, without regard to the reason for amendment. This complete bar rejects a principled examination of the nature of a claim amendment, which would ensure that any prosecution history estoppel is consistent with the applicant's true disclaimer. The Federal Circuit thus has failed to heed this Court's proscription against a rigid rule that invokes a prosecution history estoppel regardless of the reason for a claim amendment.

The scope of a prosecution history estoppel, and its effect on the corresponding application of the doctrine of equivalents, should be guided by the objective determination of whether the patent applicant evinced a clear and unmistakable surrender of otherwise patentable subject matter. The Federal Circuit applies this standard today, *Festo* notwithstanding, but only with respect to argument-based prosecution history estoppel. The application of this same standard to amendment-based prosecution history estoppel would better facilitate the desired balance under the doctrine of equivalents between the definitional and public notice functions of patent claims.

The *Festo* complete bar has been widely criticized. The trial courts have struggled with the application of this inflexible rule, and have questioned its efficacy. The U.S. Patent & Trademark Office ("USPTO") has predicted a negative impact on the agency's operation as a result of more lengthy and complex patent applications. The legal academy and business community as well generally have decried the *Festo* complete bar, providing a bleak outlook that forecasts eroding confidence in patent rights, which weakens incentives to innovate, and increasing patent prosecution costs, which could effectively limit access to the patent system.

The retroactive application of the *Festo* complete bar by the Federal Circuit works a substantial injustice on owners of the more than 1.2 million U.S. patents now in force. The complete bar forecloses the saving procedure this Court expressly provided in *Warner-Jenkinson*, and opens the door for even unscrupulous copyists to avoid infringement liability.

For these reasons, the AIPLA urges the Court to overturn the judgment of the Federal Circuit in *Festo*.

ARGUMENT

I. The Complete Bar Established by the Federal Circuit in *Festo* Contravenes This Court's Doctrine of Equivalents Jurisprudence.

During the course of patent prosecution, an applicant might amend its claims for many reasons, some relating to patentability and others not. Indeed, this Court has recognized that the USPTO might request changes in claim language for reasons other than prior art. *See Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 31-

32 (1997). Given this spectrum, this Court judiciously declined to adopt an inflexible standard with respect to prosecution history estoppel. *See id.* at 32 ("Our prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of reasons, and we see no substantial cause for requiring a more rigid rule invoking an estoppel regardless of the reasons for a change.") (footnote omitted). In contravention of this Court's holding, however, the Federal Circuit has created an absolute rule in which virtually any claim amendment for any reason can bar resort to the doctrine of equivalents. *See Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 569 (Fed. Cir. 2000) (*en banc*) ("When a claim amendment creates prosecution history estoppel with regard to a claim element, there is no range of equivalents available for the amended claim element."), *cert. granted*, 121 S. Ct. 2519 (U.S. June 18, 2001) (No. 00-1543).

In precluding any consideration of the reasons for a claim amendment, the Federal Circuit departs from this Court's jurisprudence on prosecution history estoppel, the crux of which has been the disclaimer, surrender or abandonment of subject matter that otherwise might have been within the enforceable scope of an issued patent. This Court has noted the diminution of a patent holder's rights at stake in the absence of the proper focus on such acts:

> The exclusive right to the thing patented is not secured, if the public are at liberty to make substantial copies of it, varying its form or proportions. And, therefore, the patentee, having described his invention, and shown its principles, and claimed it in that form which most perfectly embodies it, is, in contemplation of law, deemed to claim every

> form in which his invention may be copied, unless he manifests an intention to disclaim some of those forms.

Winans v. Denmead, 56 U.S. 330, 343 (1853). *Cf. Festo*, 234 F.3d at 628 (Linn & Rader, JJ., concurring-in-part, dissenting-in-part) ("[W]e have consistently held that prosecution history estoppel bars infringement by equivalents by reason of the patentee's manifest intent to disavow or abandon a construction of the patent claim as a condition of the patent grant[, which should] be determined from an objective evaluation of the exchange between the examiner and the patentee that occurred in the prosecution history, whether explicit or implicit.") (citations omitted).

When the rationale or context of a claim amendment is ignored, as *Festo* requires, confidence in the correct characterization of the amendment as a bona fide relinquishment of patent rights will be undermined. The *Festo* complete bar vitiates this essential aspect of the prosecution history estoppel inquiry that this Court has long applied. This Court recently reaffirmed the importance of determining the applicant's intention to disclaim otherwise patentable subject matter. *See Warner-Jenkinson*, 520 U.S. at 33 n.7 ("What *is* permissible for a court to explore is the reason (right or wrong) for the objection and the manner in which the amendment addressed and avoided the objection.") (emphasis in original).

a. The touchstone of prosecution history estoppel should be a clear and unmistakable surrender of otherwise patentable subject matter.

Unlike the *Festo* complete bar, the standard applied by the Federal Circuit to argument-based prosecution history

estoppel (where no pertinent claim amendment is at issue) embodies the focus on the disclaimer of subject matter this Court espouses. With respect to argument-based prosecution history estoppel, the Federal Circuit articulated the following test, which it continues to apply even after *Festo*:

> For an estoppel to apply, such assertions in favor of patentability must "evince a clear and unmistakable surrender of subject matter," not an "equivocal" one.
>
> To determine what subject matter has been relinquished, an objective test is applied, inquiring "whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter."

Pharmacia & Upjohn Co. v. Mylan Pharms., Inc., 170 F.3d 1373, 1377 (Fed. Cir. 1999) (citing *Litton Sys., Inc. v. Honeywell, Inc.*, 140 F.3d 1449, 1458 (Fed. Cir. 1998); *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1582 (Fed. Cir. 1996); *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1457 (Fed. Cir. 1998) (*en banc*)).

The Federal Circuit very recently reaffirmed the application of this standard to argument-based prosecution history estoppel. *See Dow Chem. Co. v. Sumitomo Chem. Co.*, No. 00-1441, 2001 U.S. App. LEXIS 16716, at *51 (Fed. Cir. July 25, 2001) (holding that "Dow's statements do not evince the 'clear and unmistakable surrender of subject matter' necessary to invoke argument-based prosecution history estoppel.") (citation omitted); *see also Sextant Avionique, S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 828 (Fed. Cir. 1999) ("Estoppel by clear and unmistakable surrender without claim amendments may arise even when the arguments to the examiner were not necessary to

distinguish prior art. This principle presupposes that the applicant has made the surrender unmistakable enough that the public may reasonably rely on it.") (citations omitted).

By establishing the *Festo* complete bar, the Federal Circuit has created a separate standard governing amendment-based, as opposed to argument-based, prosecution history estoppel. No justification exists for the disparate treatment. Indeed, in *Festo*, the Federal Circuit relied upon its jurisprudence regarding argument-based prosecution history estoppel to dismiss any distinction between amendment-based prosecution history estoppel arising from amendments required by the USPTO and those arising from voluntary amendments by the applicant. *See Festo*, 234 F.3d at 568 ("Arguments made voluntarily during prosecution may give rise to prosecution history estoppel if they evidence a surrender of subject matter. . . . There is no reason why an amendment-based surrender of subject matter should be given less force than an argument-based surrender of subject matter.").

A clear and unmistakable surrender of otherwise patentable subject matter should be the touchstone of prosecution history estoppel, whether amendment-based or argument-based. This standard would provide the flexibility, as authorized by this Court's jurisprudence, in assessing the reasons for a claim amendment to determine the propriety of a prosecution history estoppel, without compromising the public notice function of the patent claims. *Cf. id.* at 629 (Linn and Rader, JJ., concurring-in-part, dissenting-in-part) ("As long as the reason for an amendment is explained, and a competitor can reasonably determine what subject matter the applicant surrendered, prosecution history estoppel should preclude the patent holder from recapturing only the surrendered subject matter, not from accessing the doctrine

of equivalents entirely. . . . [T]he flexible approach best balances fairness to inventors with certainty to competitors and strikes an appropriate accord between the required rewards for the already expensive and lengthy process of innovation, and the extra public costs of monopoly profits."). In the context of argument-based prosecution history estoppel, the Federal Circuit apparently has neither identified any procedural complications with a "clear and unmistakable surrender of otherwise patentable subject matter" standard, nor provided any evidence that the application of the same standard to amendment-based prosecution history estoppel would be problematic.

Indeed, the Federal Circuit has demonstrated the "workability" of the objective determination of whether or not a patent applicant has manifested a clear and unmistakable surrender of otherwise patentable subject matter. *Compare Pharmacia*, 170 F.3d at 1377 (finding a clear and unmistakable surrender of patent claim coverage to micronized glyburide compositions containing nonspray-dried lactose, because the patent applicant stated, *inter alia*, that "the use of spray-dried lactose is a critical feature of the present invention," in the context of a response, without a corresponding claim amendment, to overcome the patent examiner's prior art-based rejection of the claims), *with Dow*, 2001 U.S. App. LEXIS 16716, at *50 (finding no clear and unmistakable surrender of patent claim coverage to an improved method for preparing glycidyl ethers involving a two-step process, because the patent applicant stated that "as the Examiner agreed, the claimed invention is not limited to a one stage or single step process," in the context of a response, without a corresponding claim amendment, to the patent examiner's statement of reasons for allowance of the claims during reexamination proceedings); *cf. Festo*, 234 F.3d at 575 (describing as "workable," those rules that "can

be relied upon to produce consistent results and give rise to a body of law that provides guidance to the marketplace on how to conduct its affairs.").

In the context of amendment-based prosecution history estoppel, this objective inquiry need not be any less workable. For example, in the case where no clear and unmistakable surrender by the patent applicant can objectively be found, a court should have the authority to consider the underlying reasons for an amendment during prosecution that resulted in a claim scope narrower than that which would have been dictated by the prior art. The court could then rationalize what range of equivalency, if any, the amended claim might deserve.

The advantage of an objective test for a clear and unmistakable surrender is further demonstrated by the fair resolution of the hypothetical that the Federal Circuit posed in *Festo* to illustrate an asserted deficiency in that court's prior approach for determining a range of equivalency to which a patent holder might be entitled. *See Festo*, 234 F.3d at 577 ("Consider, for example, a claim that originally recited a value 'less than twenty' that was amended to recite a value 'less than five' in light of a rejection over prior art disclosing a value of fifteen."). The application of the *Festo* complete bar, according to the Federal Circuit, eliminates speculation or uncertainty by foreclosing any range of equivalency for a value of five or greater, despite the prior art boundary at a value of fifteen. *See id.* In so doing, however, the Federal Circuit turns a blind eye to any reasons for the amendment with respect to subject matter between the values five and fifteen and imputes a surrender, even if no reason for such a surrender is evidenced. *See infra* Section IIIa (discussing the *Warner-Jenkinson* rebuttable presumption).

By contrast, the application of an objective test for a clear and unmistakable surrender lends comparable certainty to the public without disregard for the reasons the patent applicant amended the claim to recite a value below fifteen. For example, a claim amendment to recite a value of five (rather than a higher value still less than fifteen) might have been chosen because the patent applicant's specification stated no value between five and twenty. In any event, if facts in the record indicate the patent applicant understood the claims to cover subject matter between the values five and fifteen, or portions thereof, notwithstanding the amendment, a court should have the authority to consider such evidence and set an appropriate range of equivalency. On the other hand, if the record reflects a clear and unmistakable surrender of this subject matter, a court should give that effect. Only through this analytical framework, and not a complete bar, can a court objectively construe the true scope of a patent.

b. The Federal Circuit overreached by creating an absolute standard under *Festo* that imposes a prosecution history estoppel even where a patent applicant has shown no clear and unmistakable surrender of otherwise patentable subject matter.

This Court has acknowledged the unique role of the Federal Circuit, which was charged by legislative mandate to increase uniformity and thereby "strengthen the United States patent system in such a way as to foster technological growth and industrial innovation." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996) (citing H.R. Rep. No. 97-312, pp. 20-23 (1981)). By establishing the *Festo* complete bar, however, the Federal Circuit has treated its

legislative mandate as a mandate to legislate. Despite assertions by the Court of Appeals to the contrary, the complete bar will likely hinder technological growth and industrial innovation by encouraging insubstantial design-arounds and undermining confidence in patent rights. *See Festo*, 234 F.3d at 626-27 (Linn & Rader, JJ., concurring-in-part, dissenting-in-part); *cf.* Joseph N. Hosteny, *Does Festo Change Patent Prosecution?*, INTELLECT. PROP. TODAY, May 2001, at 44, 45 ("[T]he unavailability of the doctrine of equivalents 'creates a perverse incentive for patent applicants' to abandon patent applications and employ trade secret protection.").

This Court has also reserved to the Court of Appeals the task of formulating a practical test for the application of the doctrine of equivalents, which is a factual inquiry within the "special expertise" of the Federal Circuit. *Warner-Jenkinson*, 520 U.S. at 40. Similar deference with respect to prosecution history estoppel need not be accorded, however, given this Court's facility with this question of law. *Cf. id.* at 31 (parsing several previous decisions involving prosecution history estoppel and noting that "in each case this Court probed the reasoning behind the Patent Office's insistence upon a change in the claims.").

c. Because it applies regardless of whether or not a clear and unmistakable surrender of otherwise patentable subject matter has occurred, the complete bar discourages patent applicants from clarifying the language of their claims and thwarts a better public understanding of the true reach of the exclusive rights surrounding these inventions.

In seeking the appropriate balance between the definitional and public notice functions of patent claims, this Court has noted:

> [T]o permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing. Such a limitation would leave room for -- indeed encourage -- the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law. . . . [This] would place the inventor at the mercy of verbalism and would be subordinating substance to form. It would deprive him of the benefit of his invention and would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system.

Graver Tank & Mfg. Co. v. Linde Air Prods. Co., 339 U.S. 605, 607-08 (1950).

The *Festo* complete bar abets this danger by weakening the patent grant as an incentive to innovate. In addition, the complete bar discourages a patent applicant from amending its claims for fear of an imputed disclaimer of subject matter, as amendments are judged in hindsight during litigation years later. *Cf.* William James, *Ensuring Broad Claim Coverage after* Festo, 18 COMPUTER & INTERNET LAWYER 13, 14 (2001) ("In response to the guidance provided by the Federal Circuit in *Festo*, patent attorneys should [r]esist the temptation to amend claims to make them more elegant or more technically or grammatically correct."). This forces a patent applicant into a Hobson's choice, when clarification of claim language, which benefits the public, carries the risk of an unintended and potentially devastating loss of rights.

II. The *Festo* Complete Bar Has Met With Criticism From Members of the Judiciary, the USPTO, the Legal Academy, and the Business Community.

a. Trial courts have criticized the *Festo* complete bar and have struggled with the application of this inflexible standard.

Since *Festo*, the trial courts have not experienced the purported benefits of the complete bar in the efficient resolution of prosecution history estoppel issues. *See Creo Prods. Inc. v. Presstek, Inc.*, No. 99-525-GMS, 2001 WL 637397, at *7 (D. Del. May 11, 2001) ("In the immediate aftermath of *Festo*, district courts (and litigants) are struggling to interpret its breadth and applicability."). Indeed, the trial courts have challenged the wisdom of the complete bar. *See id.* at *9 ("The Federal Circuit's choice of the 'complete bar' approach over the 'flexible bar' approach does little to resolve the distinction that centers on the 'range of equivalents' available for a limitation after amendment.");

Control Res., Inc. v. Delta Elecs., Inc., 133 F. Supp. 2d 121, 136 (D. Mass. 2001) ("Such a cursory examination of the prosecution history, however, seems ill-suited to undergird such a dramatic result."); *TM Patents, LLP v. IBM*, 136 F. Supp. 2d 209, 214 (S.D.N.Y. 2001) (characterizing the *Festo* complete bar as "cataclysmic"). Furthermore, the trial courts have indicated that significant unanswered questions remain after *Festo*, which suggest continued ambiguity and likely future controversy. *See Aclara Biosciences, Inc. v. Caliper Techs. Corp.*, 125 F. Supp. 2d 391, 402 (N.D. Cal. 2000); *Creo*, 2001 WL 637397, at *10 (citing *Aclara*).

b. The USPTO has recognized the problems the agency will face from the likely changes in patent prosecution practice that the complete bar rule militates.

In a recent public advisory committee meeting, the USPTO identified various ways in which the *Festo* complete bar would impact USPTO operations. *See* James Toupin & John Whealan, *Effects of Festo Decision on USPTO Operations* (Feb. 28, 2001), at http://www.uspto.gov/web/offices/com/advisory/acrobat/ppacpres2-01.pdf. The USPTO indicated that the effects of *Festo* on the USPTO would be generally negative, involving more rejections and more appeals to the Board of Patent Appeals and Interferences and the courts. *See id.* at 35 (predicting a negative impact if patent applicants are unsuccessful in adjusting their prosecution practices in light of *Festo*). In addition, the USPTO forecast more examiner interviews with greater resistance by patent applicants to accepting claim amendments proposed by examiners, and more substantive arguments to overcome the prior art. *See id.* at 38. Of the possible costs to the agency, the USPTO noted the increased difficulty of examination due to a greater number of more

complex cases, more double patenting issues, and more appeals, as well as a longer pendency of patent applications. *See id.* at 42.

Perhaps the most likely consequence of *Festo* to the USPTO would be increased revenues from fees associated with more filings, claims and petitions. *See id.* at 41 (suggesting that higher quality examination of patent applications might occur also, but only if applicants submitted narrower claims and provided better disclosures of their inventions and the pertinent prior art as a result of *Festo*). However, no guarantee exists that the Congress would permit the USPTO to retain such monies. *Cf.* John Hanchette, *Patent Office Hard-Pressed as Congress and White House Divert Funds*, GANNETT NEWS SERV., July 12, 2001, at ARC ("The patent office will take in close to $1.2 billion in application fees and trademark registrations this year, but Congress is expected to divert $184 million of that for other purposes."). Accordingly, *Festo* might well constitute a burden and not a benefit to the USPTO.

c. The legal academy and business community have criticized the complete bar as upsetting the previously fair balance between the scope of exclusive rights granted to a patentee, given the inherent shortcoming in describing technology through words, and the reliable notice of one's freedom to operate in a patented landscape.

There has been no dearth of criticism of the Federal Circuit holding in *Festo*. *See* Linda Greenhouse, *Supreme Court To Review Case That Redefined Patent Doctrine*, N.Y. TIMES, June 19, 2001, at C1 (describing negative reaction to *Festo* from "an unusually broad array of industry,

educational and intellectual property groups"); *Festo Decision is Condemned at Meetings of ABA and AIPLA*, 61 PAT. TRADEMARK & COPYRIGHT J. (BNA) 414, 414 (2001). These voices have challenged the merits of the *Festo* complete bar. *See* William M. Atkinson *et al.*, *Was Festo Really Necessary?*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 111, 136 (2001) ("The *Festo* Rule, however, goes beyond any concept of the intent of the parties to the prosecution. . . . To fashion a rule limiting the amended claim element to its literal language, goes beyond any reasoned analysis of the prosecution history."). In addition, the critics have questioned the lack of insight by the Federal Circuit over the likely consequences of its decision in *Festo*. *See* Frederick A. Spaeth, *"Equivalents Thereof" v. The Doctrine of Equivalents in the Interpretation of U.S. Patent Claims*, 20 QUINNIPIAC L. REV. 487, 492 (2001) ("The Festo case is notable because of the harshness of its ruling and its break from precedent and . . . because of the significant 'unintended' consequences of its outcome."); Steven E. Koffs, *What's Left of the Doctrine of Equivalents?*, 224 LEGAL INTELLIGENCER 5, 5 (2001) ("In view of the Festo decision, most patentees will probably be more reluctant than ever to enforce their patents, where infringement only lies under the doctrine of equivalents.").

Furthermore, the outcry over the Federal Circuit's decision in *Festo* comes from many corners of the business community, crossing various technology lines. *See* Lisa M. Bowman, *Court Case Spurs Copycat Concerns*, NEWS.COM (Feb. 28, 2001), at http://news.cnet.com/news/0-1005-201-4979242-0.html ("'Whatever the impact is, it's going to be across the board – from biotech to semiconductors, from high-tech to low-tech companies . . . .'"); Jennifer Couzin & Keith Perine, *Gene Schemes: The Race To Patent The Human Genome Is On. Can The Patent Office Keep Up?*,

INDUSTRY STAND., July 23, 2001, at 38, 40 ("If upheld, *Festo* . . . could make it harder for biotech companies to bring patent-infringement cases against competitors . . . ."). To the extent certain members of the business community might be less critical of the *Festo* complete bar, the commonality of such members perhaps is less about industry sector and more about company size advantage. *See* Patrick Neighly, *Weighted Scales of Justice? Two Recent IP laws favor the Big Guy*, AM.'S NETWORK, Feb. 1, 2001, at 22, 22 ("Larger companies wind up with valuable lead time to design around patent applications, dedicating their larger budgets and staff to beat the startup to market and gain roughly the same IP without the pesky business of acquisition. . . . 'The small guy is really being handicapped here . . . .'").

There appears to be broad consensus regarding the adverse financial consequence of *Festo* to all patent applicants in the form of increased costs. *See* Kevin A. Wolff *et al.*, *The Unspoken Loss In Shareholder Value: Patent Rights Take A Hit*, 9 MEALEY'S LITIG. REP.: INTELLECT. PROP. 41, 46-47 (2001) ("The cost to prosecute a patent with any breadth of protection just went up. [In addition,] *Festo* subtly undermines the value of a patent portfolio by increasing the uncertainties associated with future patent protection. . . . The bottom line for those that manage intellectual property is that increased risk will bring increased cost."). In particular, *Festo* could limit the public's access to the patent system. *See U.S. Patent Law Strikes a Blow*, ELECS. TIMES, Feb. 19, 2001, at 20 (asserting that *Festo* "would make patent filing potentially more difficult and expensive – possibly even prohibitively so for small companies and individuals.").

III. The Retroactive Application of the *Festo* Complete Bar Leads to the Unjust Results Against Which This Court Warned in *Warner-Jenkinson*.

This Court not only admonished against the type of standard embodied in the *Festo* complete bar, but also foretold of the inequity that would result from any retroactive application of such a standard. *Warner-Jenkinson*, 520 U.S. at 32 n.6.

> That petitioner's rule might provide a brighter line for determining whether a patentee is estopped under certain circumstances is not a sufficient reason for adopting such a rule. This is especially true where, as here, the PTO may have relied upon a flexible rule of estoppel when deciding whether to ask for a change in the first place. To change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision.

Id. Indeed, the apparition of retroactivity troubled members of this Court with respect to the rebuttable prosecution history estoppel presumption. *Id.* at 41 (Ginsburg & Kennedy, JJ., concurring).

a. Because it rejects the requirement of a clear and unmistakable surrender of otherwise patentable subject matter, the *Festo* complete bar particularly harms owners of extant patents by foreclosing the saving procedure this Court provided in *Warner-Jenkinson*.

In *Warner-Jenkinson*, this Court carefully crafted a saving procedure in the form of a rebuttable presumption of prosecution history estoppel when a record does not reveal the reason for a claim amendment. 520 U.S. at 33-34.

> Mindful that claims do indeed serve both a definitional and a notice function, we think the better rule is to place the burden on the patent-holder to establish the reason for an amendment required during patent prosecution. The court then would decide whether that reason is sufficient to overcome prosecution history estoppel as a bar to application of the doctrine of equivalents to the element added by that amendment. Where no explanation is established, however, the court should presume that the PTO had a substantial reason related to patentability for including the limiting element added by amendment. In those circumstances, prosecution history estoppel would bar the application of the doctrine equivalents as to that element. The presumption we have described, one subject to rebuttal if an appropriate reason for a required amendment is established, gives proper deference to the role of claims in

> defining an invention and providing public notice, and to the primacy of the PTO in ensuring that the claims allowed cover only subject matter that is properly patentable in a proffered patent application. Applied in this fashion, prosecution history estoppel places reasonable limits on the doctrine of equivalents, and further insulates the doctrine from any feared conflict with the Patent Act.

Id. By creating an absolute rule in which virtually any claim amendment for any reason bars access to the doctrine of equivalents, the Federal Circuit has eliminated the saving procedure this Court provided in *Warner-Jenkinson*. This foreclosure particularly harms the owners of the more than 1.2 million U.S. patents now in force, which were prosecuted under a very different standard, who did not contemplate the drastic consequences associated with a claim amendment that the *Festo* complete bar brings. *See Festo*, 234 F.3d at 618-19 (Michel & Rader, JJ., concurring-in-part, dissenting-in-part).

b. The *Festo* complete bar greatly undermines the public reliance on all extant patents by clearing a path for even unscrupulous copyists to avoid infringement liability, which is the very ill the doctrine of equivalents was designed to remedy.

The *Festo* complete bar supports free riders seeking to escape infringement liability through insubstantial changes to patented inventions, and provides detailed instructions for doing so. *Cf.* Peter J. Ayers, *Federal Circuit's* Festo *is Unfriendly Toward Patent Rights*, 163 N.J.L.J. 29, 33 (2001) ("Any patent that was prosecuted

under pre-*Festo* rules may contain previously unobservable safe harbors for licensees and unscrupulous copiers alike."). The Federal Circuit decision in *Festo* transforms apparently trivial modifications by those previously seen as unscrupulous copyists into legitimate design-arounds. Regardless of this new gloss, such acts add nothing to the progress of the useful arts. Moreover, this erodes confidence in patent protection and weakens incentives to innovate. *See* Bowman, *supra* ("Critics of the decision say it could spawn rampant copycat products and quash innovation because companies won't want to spend research and development money on products that can be easily imitated and sold by a competitor. Instead, they'll take somebody else's work and make minor alterations.").

CONCLUSION

The *Festo* complete bar contravenes this Court's doctrine of equivalents jurisprudence and should be discarded in favor of an objective determination of whether the patent applicant has evinced a clear and unmistakable surrender of otherwise patentable subject matter. The AIPLA accordingly urges this Court to overturn the judgment of the Federal Circuit in *Festo*.

Respectfully submitted,

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